

# Mineral Industry Surveys

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## GOLD IN FEBRUARY 2005

U.S. mines produced 20,400 kilograms (kg) of gold in February, a 3% decrease compared with that of January, according to the U.S. Geological Survey. Production of gold in Nevada was down by 1% over the same period. Domestic and Nevada mine production of gold in February 2005 were 10% and 12% higher, respectively, than that of February 2004.

Engelhard Industries' average gold price for February was \$424.52 per troy ounce, slightly less than the average January price and 5% more than the average February 2004 price.

Imports of gold increased in January by 111% compared with those for December, owing to a large increase in imports from Peru. Exports of gold increased in January by 21% compared with those for December.

In January, the Chancellor of the Exchequer of the United Kingdom suggested that the International Monetary Fund (IMF) should sell off portions of the gold reserves to help reduce the debts of poorer countries. The United States Treasury Department was opposed to such a sale, and since the United States has veto power over any transaction, the likelihood of a sale was doubtful. Many other governments and mining companies were also against this proposal (Platts Metals Week, 2005).

Newmont Mining Corporation (Denver, CO) produced 217,000 kg of gold in 2004, down from the 2003 gold production of 230,000 kg. In 2005, Newmont expected to produce about 208,000 kg of gold. Newmont also announced that the Leeville underground project in Nevada remained on schedule to start production in the fourth quarter 2005 (Newmont Mining Corporation, 2005).

Placer Dome Inc. (Vancouver, British Columbia, Canada) announced that production of gold in 2004 was 114,000 kg, down from 120,000 kg in 2003. Placer Dome projected that in 2005 production could reach 115,000 kg (Placer Dome Inc., 2005, p. 1-5).

Barrick Gold Corporation (Toronto, Ontario, Canada) reported that production in 2004 was 154,000 kg of gold, down from 171,000 kg in 2003. The biggest drop in production was from the Pierina Mine in Peru, which produced 20,000 kg in 2004, down 29% from that of 2003. In Nevada, the Goldstrike Property produced 60,000 kg in 2004, down 8% as compared with that of 2003 (Barrick Gold Corporation, 2005, p. 4).

The gold-rich Ituri region of the Congo (Kinshasa) erupted in renewed tribal violence. The clashes between two tribes were reportedly over the control of gold and land. The Kilo Moto gold mine is located in this region (Metal Bulletin Daily, 2005a). Elsewhere in Africa, the Zimbabwe Government may enlist the army to put a stop to illegal gold mining and smuggling. The police had been struggling to control the high levels of illegal gold panning and violence. It had been estimated that 600,000 people were illegally panning for gold, some of which was located in protected forest and wildlife areas (Metal Bulletin Daily, 2005c).

DRDGOLD Limited announced the closure of the North West Operations in South Africa. A company spokesman warned that DRDGOLD might go bankrupt if costs were not reduced or if the South African rand continued to strengthen against the U.S. dollar (DRDGOLD Limited, 2005).

The Indian Government proposed the launch of Gold Exchange Traded Funds (GETF). The GETF would allow investors to buy and sell gold without the high transaction costs, which were associated with physical trading. India used about 600 metric tons of gold in 2003, which was more than any other country (Metal Bulletin Daily, 2005b).

Queenstake Resources Ltd (Denver, CO) announced that production at the Jerritt Canyon Mine, located 80 kilometers north of Elko, NV, for January was 60% higher than that of January 2004. The increase in production was attributed to the expansion of new areas of the mine (Queenstake Resources Ltd., 2005).

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TABLE 1  
MINE PRODUCTION OF RECOVERABLE GOLD  
IN THE UNITED STATES, BY STATE<sup>1</sup>

(Kilograms)

	California	Nevada	Other States <sup>2</sup>	Total
2004:				
February	245	15,500	2,890	18,700
March	243	20,800	3,160	24,200
April	283	15,500	2,850	18,600
May	241	18,400	3,000	21,700
June	1,070	18,600	3,190	22,800
July	182	18,100	3,250	21,500
August	164	17,400	3,300	20,900
September	174	18,400	3,510	22,100
October	164	17,200	3,180	20,600
November	137	18,300	3,950	22,400
December	W	20,500	3,890	24,400
January-December	3,100	216,000	39,400	258,000
2005:				
January	W	17,600	3,490	21,100
February	W	17,400	3,040	20,400
January-February	W	35,100	6,530	41,600

W Withheld to avoid disclosing company propriety data; included with "Other States."

<sup>1</sup>Data are rounded to no more than three significant digits; may not add to totals shown.

<sup>2</sup>Includes Alaska, Arizona, Colorado, Idaho, Montana, South Dakota, Utah, Washington, and State indicated by symbol W.

TABLE 2  
GOLD PRICES

(Dollars per troy ounce)

<u>Engelhard Industries:</u>	
<u>2004:</u>	
Low/date	376.29 May 10
High/date	455.62 December 2
Average	410.52
<u>2005:</u>	
<u>January:</u>	
Low/date	421.36/10
High/date	432.88/3
Average	425.76
<u>February:</u>	
Low/date	412.45/8
High/date	436.84/28
Average	424.52
<u>Year to date:</u>	
Low/date	412.45 Feb. 8
High/date	436.84 Feb. 28
Average	425.14
<u>Handy and Harman:</u>	
2004, average	409.21
<u>2005:</u>	
January	424.39
February	423.15
Year to date	423.77
<u>London Final:</u>	
2004, average	409.21
<u>2005:</u>	
January	424.03
February	423.35
Year to date	423.69

Source: Platts Metals Week.

TABLE 3  
U.S. IMPORTS AND EXPORTS OF GOLD<sup>1</sup>

(Kilograms of gold content, unless otherwise specified)

Period and country	Ores and concentrates <sup>2</sup>	Doré and precipitates	Refined bullion <sup>3</sup>	Total <sup>4</sup>	Waste and scrap (gross weight)	Metal powder (gross weight)	Gold compounds (gross weight)
Imports for consumption:							
2004:							
November	100	14,100	5,390	19,600	2,400	2,530	5,540
December	169	16,700	10,800	27,700	1,530	4,510	5,770
Year	1,860	142,000	139,000	283,000	20,500	10,900	60,000
2005:							
January:							
Brazil	--	--	437	437	--	--	--
Canada	--	--	5,770	5,770	119	14	--
Chile	--	2,170 <sup>5</sup>	400	2,570	--	1,430 <sup>5</sup>	--
Colombia	--	1,880	219	2,100	127	--	--
Dominican Republic	--	--	--	--	721	--	--
Germany	--	--	--	--	--	(6) <sup>5</sup>	590 <sup>5</sup>
Honduras	--	351	110	461	--	--	--
Hong Kong	--	--	78	78	--	--	--
Mexico	--	148	431	579	512	--	--
Nicaragua	--	148	--	148	37	--	--
Peru	--	46,000 <sup>5</sup>	--	46,000	--	--	--
United Kingdom	--	--	--	--	--	3 <sup>5</sup>	1,300 <sup>5</sup>
Other	--	29	128 <sup>5</sup>	157	147	44 <sup>5</sup>	1 <sup>5</sup>
Total	--	50,700	7,580	58,300	1,660	1,490	1,900
Exports:							
2004:							
November	95	12,000	9,240	21,300	146,000	22	105,000
December:	75	17,400	6,710	24,100	24,400	94	111,000
Year	1,150	142,000	114,000	257,000	725,000	647	1,170,000
2005:							
January:							
Canada	--	--	(6)	(6)	8,190 <sup>5</sup>	--	20,700 <sup>5</sup>
China	--	--	--	--	--	1 <sup>5</sup>	467 <sup>5</sup>
Dominican Republic	86	--	1	87	--	--	1,750 <sup>5</sup>
France	--	--	--	--	--	11 <sup>5</sup>	--
Germany	--	--	--	--	1,180 <sup>5</sup>	(6)	537 <sup>5</sup>
Hong Kong	--	--	500	500	--	(6)	2,350 <sup>5</sup>
Ireland	--	--	--	--	--	--	3,510 <sup>5</sup>
Israel	--	--	49	49	--	--	4,840 <sup>5</sup>
Japan	--	--	1,490	1,490	34	6	693 <sup>5</sup>
Korea, Republic of	--	--	--	--	--	--	204 <sup>5</sup>
Malaysia	--	--	91	91	--	--	--
Mexico	--	--	874	874	--	--	--
Panama	--	--	--	--	--	--	644 <sup>5</sup>
Singapore	--	--	2,000	2,000	--	--	103,000 <sup>5</sup>
Switzerland	--	11,000	5,530	16,500	--	1	--
Thailand	--	--	2,980	2,980	--	--	--
United Arab Emirates	--	--	1,490	1,490	--	--	--
United Kingdom	--	3	2,980	2,980	37,100 <sup>5</sup>	43 <sup>5</sup>	408 <sup>5</sup>
Other	1	--	67	68	61	18	--
Total	87	11,000	18,100	29,100	46,500	80	139,000

-- Zero.

<sup>1</sup>Data are rounded to no more than three significant digits; may not add to totals shown.

<sup>2</sup>Includes gold content of base metal ores, concentrates, and matte imported for refining.

<sup>3</sup>Bullion also moves in both directions between U.S. markets and foreign stocks on deposit in the Federal Reserve Bank. Monetary gold excluded.

<sup>4</sup>"Waste and scrap," "Metal powder," and "Gold compounds" not included in "Total."

<sup>5</sup>All or part of these data have been referred to the U.S. Census Bureau for verification.

<sup>6</sup>Less than 1/2 unit.

Source: U.S. Census Bureau.